

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7324

BILL NUMBER: HB 1600

DATE PREPARED: Jan 14, 1999

BILL AMENDED:

SUBJECT: Economic development.

FISCAL ANALYST: Brian Tabor

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that in Fort Wayne, a Professional Sports and Convention Development Area (PSCDA) may include a facility connected to and sharing at least one common area with a facility that is included in the development area and used for convention and tourism related events.

Effective Date: July 1, 1999.

Explanation of State Expenditures:

Explanation of State Revenues: PSCDAs are special zones in which certain state tax revenues earned in the area are diverted and deposited into a special fund. This fund is dedicated for capital improvement in the development area. The taxes which may be captured in PSCDAs are the gross retail tax, the individual adjusted gross income (AGI) tax, the food and beverage tax, and local option income taxes.

Under current law, PSCDAs may include only facilities owned by a city, county, local capital improvement board, or civic center board of directors. This bill would create an exception in Fort Wayne that would allow any facility (even if privately owned) connected to a sports arena or convention center to become part of the special tax area. At the present time, there are no facilities connected to the Allen County War Memorial Coliseum development area that do not currently qualify as part of a PSCDA, so this bill would not immediately impact revenues. However, if new revenue-generating facilities were added as a result of this proposal, state and local revenues would be affected.

Revenue generated inside the development area through the gross retail tax and the individual AGI tax is deposited in the Allen County PSCDA fund until the annual limit on captured state taxes is reached. The maximum amount that may be captured is based on \$5 for each resident of the city or county, and for the Allen County the limit is \$1,500,000. Any collections in excess of this amount would be realized as normal state revenue. Collections for the Allen County fund began in October 1997, and through September 1998

had totaled \$426,008.

Explanation of Local Expenditures:

Explanation of Local Revenues: Food and beverage taxes and local option income taxes earned in PSCDAs are also captured for capital improvement, and there is no limit on the amount of local taxes that may be captured. Allen County imposes the food and beverage tax and both COIT (0.6%) and CEDIT (0.4%). If new revenue-generating facilities were included in the development area, the PSCDA fund would increase by the full amount of additional food and beverage, COIT, and CEDIT tax revenue from these facilities. The increase in revenue would be directed to the PSCDA instead of the other local taxing units in the county as provided under current law.

State Agencies Affected: Department of Revenue.

Local Agencies Affected: Allen County.

Information Sources: Department of Revenue; Allen County Auditor, (219) 449-7241; Garnett G. Mills, Manager of Finance and Administration, Allen County War Memorial Coliseum, (219) 482-9502.